

Return to growth - Colonial closes 2021 with solid results in all KPIs

The Group registers a net profit of €474m (+€471m)

- Value of the asset portfolio of €12,436m, +6% like-for-like
- Net Tangible Assets (NTA) of €6,496m, +13%
- Increase of Net Rental Income of +3% like-for-like (Paris +6% like-for-like)
- Net recurring profit of €128m corresponding to €24.6cts/share, +12% in comparable terms
- More than 170,000 sqm of letting volume, second highest figure in history
- Occupancy levels of 96% (98% Paris)
- New acquisitions of more than €500m of investment
- Strengthened leadership in ESG

Madrid, 28 February 2022

Colonial grows in 2021 through the consolidation of the positive evolution of all its fundamentals: the second highest commercial figure in its history (+ 170,000m² of new contracts signed in one year), rent captures above the market (+5%), solid occupancy of its portfolio (96%), growth in the value of its assets and improvement in financing with longer terms and lower costs. The result of this progress translates into revenues that in comparable terms grew by 2% to €314m, a recurring result of €128m and a final net profit of the Group of €474m, +€471m over the previous year.

“The solidity of our fundamentals and the successful execution of the business allow us to offer significant growth to our shareholders through an improvement in all the metrics for capturing growth in the market”, explains Pere Viñolas, CEO and Vice President of Colonial. “We are in the high band of growth of our forecasts, while executing a portfolio of projects that will allow us to further increase the generation of income and value of the company”, adds Viñolas.

2022 begins with new acquisitions, maintaining the investment character that the company showed in 2021. To the takeover bid carried out by Colonial in 2021 to raise and stake in its French subsidiary SFL to 98.3%, and incorporating almost €1bn GAV of assets, a new investment of more than €500m is now added to its perimeter. Its destination is the acquisition of the 91 Pasteur building of about 40,000m² in the center of Paris and the purchase, already closed in 2021, of the Danone Group headquarters in Barcelona.

“After the purchase of practically all of our French investee in 2021, we insist on our willingness to invest in prime assets at the beginning of this year, aware of the benefits of this strategy in creating a company with solid fundamentals for the present and future”, explains Juan José Brugera, Chairman of Colonial.

1. Net profit of €474m, Net Recurring profit of +€128m

The Colonial Group closed 2021 with a net profit of €474m, +€471m compared to the closing of the previous year.

The significant increase in Net Results is due to:

1. A strong increase in the value of the prime asset portfolios in the three markets, driven by a strong demand for prime Grade A buildings
2. The important degree of advances in the project portfolio and the acceleration in the renovation program, substantially improving rental levels, as well as the value of the assets.
3. The successful execution of the acquisition of 16.6% of Société Foncière Lyonnaise with very attractive terms for Colonial's shareholders.
4. A solid recurring result of more than €128m based on an asset portfolio with high occupancy levels and solid increases in rental prices, specifically in the Paris portfolio

Net recurring profit of €24.6cts/share, reaching the high end of the guidance

Colonial closed 2021 with a net recurring profit of €128m, corresponding to €24.6cts/share, achieving the high end of the guidance range of €23-25cts/share that the Company communicated to the capital markets.

It is important to highlight that the strong acceleration in the results in the fourth quarter is due to the increase in inflation captured by the indexation clauses in the Colonial Group's contract portfolio. Likewise, the recurring earnings reflect the strict management of operating and SG&A costs.

Compared to the previous year, the recurring earnings have decreased, reflecting the impact of the disposals of non-strategic assets, as well as the acceleration of the renovation program.

1. The **execution of the disposals of non-strategic assets** with premiums over valuation have resulted in a year-on-year reduction of €13m in net results due to lower rents in exchange for an improved quality of the cash flow of the post-sales portfolio.
2. The start and the **acceleration of the portfolio's renovation program** with the aim of repositioning portfolio assets with significant value creation potential and future cash flow reversion based on a real estate transformation of the assets. This program involves temporary tenant rotation with a negative impact on EBITDA rents of €16m in the 2021 results.

The active management of these buildings has a temporary impact on income in exchange for an increase in rental levels in the portfolio once let again, as well as the potential for value creation in each asset.

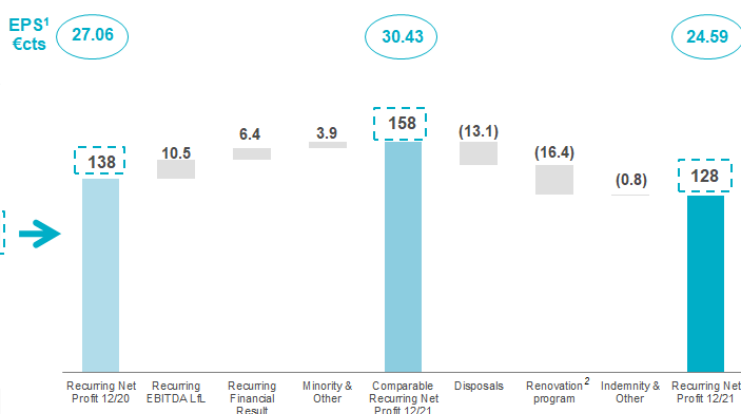
Net recurring like-for-like results higher than the previous year

Excluding the effects of the active management of the portfolio, the **Comparable Recurring Net Profit amounts to €158m**, a figure **+15% higher than the result of the previous year**.

The comparable recurring³ results per share (recurring EPS) is at €30.43cts, a figure **+12% higher** than the same period of the previous year.

Profit & Loss Account

Results analysis - €m	2021	2020
Gross Rents	314	340
Recurring EBITDA	249	272
Recurring financial result	(80)	(87)
Income tax expense & others - recurring	(12)	(14)
Minority interests - recurring	(29)	(34)
Recurring Earnings	128	138
Change in fair value of assets & provisions	444	(75)
Non-recurring financial result & MTM	(30)	(33)
Income tax & others - non-recurring	(3)	(0)
Minority interests - non-recurring	(65)	(26)
Profit attributable to the Group	474	2

Recurring Earnings - Variance Analysis


(1) Recurring earnings per share

(2) Tenant rotation renovation program

(3) Recurring results excluding non-strategic disposals and the impact of the renovation program tenant rotation and other non like-for-like items

Gross rental income of €314m, +2% like-for-like

Colonial closed 2021 with **€314m of Gross Rental Income**, a figure 8% lower than the previous year, due to 1) the disposal of non-strategic assets in 2020 and the beginning of 2021; and 2) the acceleration of the renovation program of the Group.

In like-for-like terms, the Gross Rental Income increased by +2% compared to the same period of the previous year.

Net Rental Income (EBITDA rents) of €293m, +3.3% like-for-like

The net rental income (EBITDA rents) increased **+3.3% like-for-like**, driven by an increase of **+6.4%** in the Paris portfolio.

December cumulative - €m	2021	2020	Var	Var LFL
Rental revenues Group	314	340	(8%)	+2%
EBITDA rents Group	293	318	(8%)	+3.3%
<i>EBITDA rents Paris</i>	<i>168</i>	<i>172</i>	<i>(2%)</i>	<i>+6.4%</i>
<i>EBITDA rents Madrid & Barcelona</i>	<i>125</i>	<i>146</i>	<i>(14%)</i>	<i>in line</i>

2. Increase in the value of the real estate portfolio of +6% like-for-like

The gross asset value of the Colonial Group at the close of 2021 amounted to €12,436m (€13,091m including transfer costs), showing **an increase of +6% like-for-like compared to the previous year**.

The portfolios in the three cities show solid growth. The portfolios in **Paris and Barcelona both increased +6% like-for-like** and the properties in **Madrid went up +7% like-for-like**.

Globally, an acceleration in value growth took place in the second half of the year, with an increase of +4% like-for-like for all properties.

The growth in asset value is based on (1) the growing demand of the market for prime Real Estate in the city centre, (2) the solid fundamentals of Colonial's portfolio with an occupancy of 96% and rents signed at the high end of the market and (3) the successful generation of Alpha real estate value through the Project Portfolio and the Renovation Program.

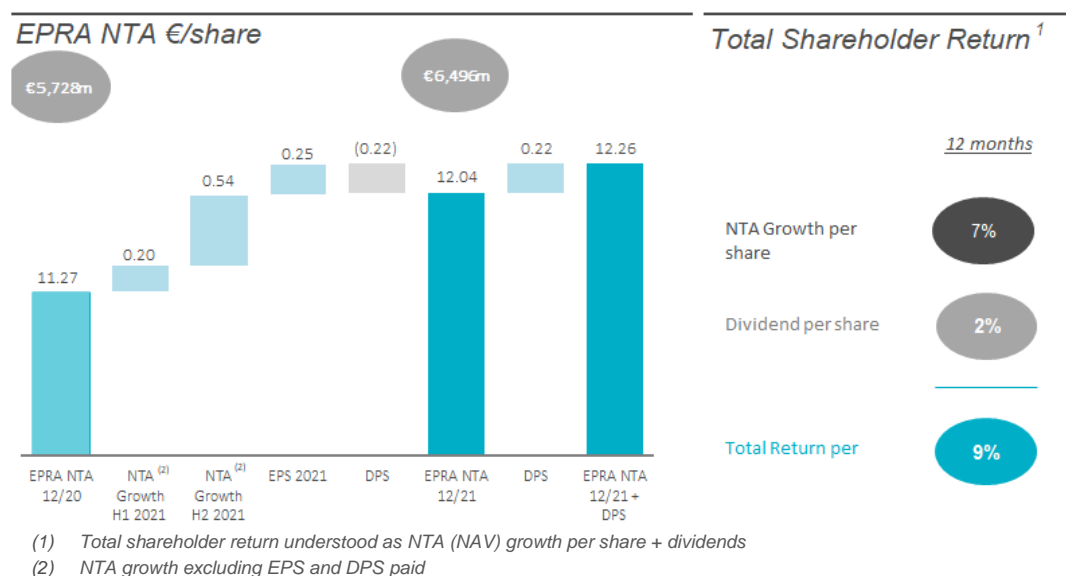
In 2021, €349m in non-core assets were disposed of with a premium over the appraisal value of 11%. More than €263m correspond to the signing of the two sales in Paris that comprised the Alpha V program of the previous year. Additionally, Colonial divested two non-strategic assets in Spain in the second half of 2021, optimizing the prime profile of the Group's portfolio.

At 31 December 2021, the exposure of Colonial's property portfolio to CBD areas was at 80%, +266 bps compared to the previous year and 95% of the portfolio in operation hold energy efficiency certification, an improvement of 252 bps compared to the previous year.

Including the impact of net disposals, the asset value increased +3% compared to the previous year.

3. Growth in Net Tangible Assets (NTA) up to €6,496m, +13%

Colonial closed 2021 with Net Tangible Assets (NTA) of €12.04/share, corresponding to a year-on-year increase of +7% which, together with the dividend paid per share of €0.22/share, amounts to a Total Shareholder Return of +9%.



In absolute terms, the net value of the assets amounts to €6,496m, an annual increase of +13%, a value increase of more than €768m in a year.

This important growth in NTA has been achieved thanks to an industrial Real Estate strategy with a significant Alpha component in returns, mainly due to:

1. A strong increase in the value of the prime asset portfolios in the three markets, driven by a strong demand for prime Grade A buildings
2. Solid fundamentals of Colonial's assets with high occupancy levels and solid increases in rental prices highlighting the strength of the Paris portfolio

3. The important degree of progress in the project portfolio, specifically the delivery and rental of the Prime Marceau in Paris and Diagonal 525 projects in Barcelona
4. The acceleration of the renovation program, substantially improving rental levels, as well as the value of the assets
5. The successful execution of the takeover bid on Société Foncière Lyonnaise with attractive terms for Colonial's shareholders.

Significant acceleration in operating fundamentals

1. More than 170,000 sqm of letting volume: the second highest figure in Colonial's history

At the close of 2021, the Colonial Group had signed **118 rental contracts** in the office portfolio, corresponding to **170,344 sqm**, **exceeding the letting volume of the previous year by +75%**.

This volume of signed contracts is the second highest in Colonial's history, only surpassed by 2019, a year of record results in all metrics.



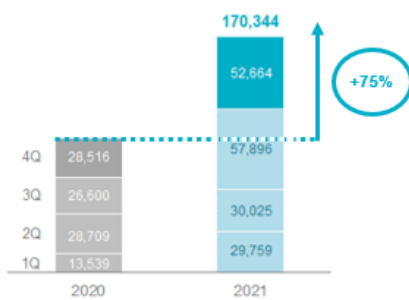
In economic terms (sqm signed multiplied by signed rents), **the take-up levels doubled compared to the previous year (+114% vs 2020)**, signing contracts for a volume of more than €77m in annualized rents.

2. Acceleration in take-up in the second half, increasing occupancy to 96%

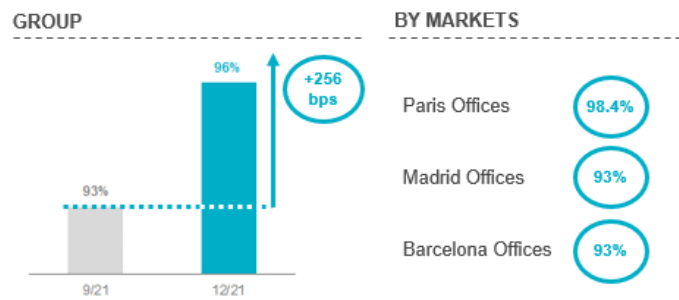
In the second half of 2021, there was an acceleration with the signing on more than 110,000 sqm (a figure higher than the letting activity in the whole 12 months of the previous year). The third and fourth quarters exceeded more than 50,000 sqm of signed contracts, with high volumes in the Madrid and Paris portfolios.

It is important to highlight those two thirds of the contracts signed in the fourth quarter correspond to surface areas entering operation, mainly from the renovation program, improving the occupancy rate of the Group by more the 250 bps in one quarter up to 96% (highlighted is the high occupancy rate of the Paris portfolio, exceeding 98.4%).

SQM SIGNED



EPRA OCCUPANCY



3. Acceleration in market rent growth in the fourth quarter

Growth in the market rents of the portfolio, with an acceleration in the fourth quarter

The **Colonial Group** closed the year with a **growth of +5% in rental prices** compared to the market rent (ERV) in December 2020. **The highest growth was registered in the Paris portfolio**, where the prices were signed **+8% above the market rent in December 2020**.

Specifically highlighted is the **accelerated growth in the last quarter of the year**, where the rents increased **by +8% versus market rents**. The **Barcelona** portfolio registered an increase of **+10%** vs. the market rents in December 2020, **followed by Paris and Madrid with +9% and +5%, respectively**.

Solid rent increases from renewals, reaching double-digits in Barcelona

The **release spreads (signed rental prices vs. previous rents) at the close of 2021** were at **+7% for 2021**. These ratios highlight the reversionary potential of Colonial’s contract portfolio with significant improvement margins on current passing rents. Worth mentioning is the high **release spread of +24% in the Barcelona portfolio**.

4. A well-positioned portfolio to capture additional growth through indexation

Colonial’s contract portfolio is well-positioned to capture the full impact of the current high indexation levels. Almost all the contracts have indexation clauses.

Colonial’s portfolio was able to attract high levels of indexation in all its contracts from the fourth quarter. This has meant registering an additional increase in rental income that allowed the Colonial Group to close with a net recurring earnings per share at the high end of the guidance.

Project Portfolio and Renovation Program

1. Delivery of Diagonal 525 in the Barcelona CBD and of 83 Marceau in the Paris CBD



Diagonal 525 – CBD Barcelona

- > Naturgy Headquarters with a 10-year mandatory contract
- > Rents signed at €28/sqm/month – benchmark rent in the prime CBD of Barcelona and doubled the rent of the previous contract

Value creation vs. total cost	+40%
New rents vs. previous rents	+100%



83 Marceau – Prime CBD Paris

- > 100% rented at maximum market rent prices
- > Goldman Sachs is the main tenant occupying 6,500 sqm with a 12-year contract
- > 2022 is the first year with the full impact of rents (entry into operation in the last quarter of 2021)

Value creation vs. total cost	+108%
New rents vs. previous rents	+70%

2. Progress on the projects to be delivered in 2022 with strong market interest

In 2022, more than 49,000 sqm will enter into operation in Madrid and Paris with a significant impact on value creation as well as the Colonial Group's revenues.



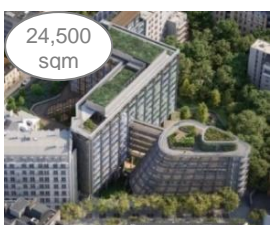
Velázquez 86D – CBD Madrid

- > 1,900 sqm of commercial surface area rented to date–12% of the building
- > Advanced conversations for the half of the building
- > Expected delivery in the first half of 2022



Miguel Ángel 23 – CBD Madrid

- > Net zero building, one of the most eco-efficient buildings in Madrid
- > Advanced conversations with potential clients for the total surface area
- > Expected delivery in the first half of 2022



Biome – Paris City Centre (15^{eme} Arrond.)

- > 12 potential clients have seen the asset
- > Potential interest for a sizeable demand from the audio-visual and technology sectors
- > Expected delivery in the second half of 2022

4. Renovation Program

The Colonial Group continues with its renovation program of 108,000 sqm spread across 9 assets in the portfolio. During the second half of 2021, **35,000 sqm in rental contracts were signed which correspond to annual revenues of €22m.**

In Paris, the renovation program includes 32,000 sqm. During the second half of 2021, the commercialization of these surfaces was accelerated, with a take-up of more than 27,800 sqm, resulting in 88% of the renovation program total in Paris, with signed rents at the high end of the market.

In Spain, the letting activity reactivated in the last quarter of the year, with the signing of the first pre-rentals in December 2021.

Acquisitions

1. Colonial reaches a 98.3% stake in SFL

On 8th September 2021, the voluntary mixed takeover was completed on the 5% shares in the hands of SFL's minority shareholders. The tender offer launched by Colonial was widely accepted among the minority shareholders of SFL. Finally, after the completion of these operations, Colonial's stake in SFL increased from 81.7% to 98.3%.



This transaction has enabled Colonial to consolidate its leadership in the prime offices sector in Europe, reinforcing its position in the French market, the number one European offices market, and it specifically enables the Company to:

1. **Increase its exposure to prime office assets in Paris, specifically obtaining a greater exposure to large projects in Paris** with significant value creation potential
2. **Simplification the Colonial Group's shareholding structure**, and **an increase in the free float** of the Company of **approximately €400m** (in terms of NTA)
3. **Create value for Colonial's shareholders with a positive impact on the EPS and an improvement in the capital structure**

2. New Acquisition program

The Colonial Group has relanced an acquisition program securing the investment of two assets for a total acquisition volume of more than €500m with annual rental income of more than €20m. Likewise, capital has been recycled by divesting the secondary assets of Parc Cugat and the Mercedes Open Parc for a total disposal price of €66m and a premium on GAV of 6%.

In February 2022 an agreement has been reached for the purchase of the 91 Pasteur building of almost 40,000 sqm located in the centre of Paris (15th district). With this transaction Colonial acquires a trophy asset with excellent real estate fundamentals. The building is the Amundi Headquarters – one of the largest financial asset managers in Europe – with a 12-year closed contract. The asset is the 7th largest office building in Paris with very efficient floors with more than 2,000sqm. The building has HQE and BREEAM energy certification.

At the end of 2021, through an opportunistic transaction, the Buenos Aires 21 building in Barcelona was acquired. This asset is the Spanish Headquarters of Danone with a closed contract for 8 years. The building is in the prime area of the Diagonal avenue and has a Project to renew the façade and reach the LEED Gold certification.

Leadership in ESG and Decarbonization

According to the leading index in carbon CDP, the Colonial Group has reached the maximum rating – A rating. This implies that Colonial is the only real estate company in Europe with an A rating and only 12 real estate companies worldwide have received that rating. Among the 13,000 rated companies Colonial is part of the select group of 200 companies with “A” rating.

Colonial has received a rating of 94/100 in the sustainability rating GRESB rating Colonial as leader of listed office companies in Western Europe. The Group has improved its score for more than 30 points in the last 4 years.

The Colonial group continues leading the office real estate sector in the main ESG ratings. In Vigeo A1+ achieved including Colonial in the TOP 3% of more than 4,800 rated companies. In Sustainalytics awarded with the Industry Top rated 2022 as well as the ESG Regional Top-rated awards. In the MSCI index, specialized in listed companies, Colonial received the A rating, one of the highest ratings awarded on an international level and with strong rating in Corporate Governance.

A solid capital structure

During 2021, in accordance with the active liability management policy of the Group, the company has successfully carried out liability management of its debt for more than €1,000m. This has implied that at the closing of the year the Group's spot financial cost is 1.4%, 30bps lower than the cost of the previous year.

At the close of 2021, the Colonial Group had a solid balance sheet with an LTV of 35.8%.

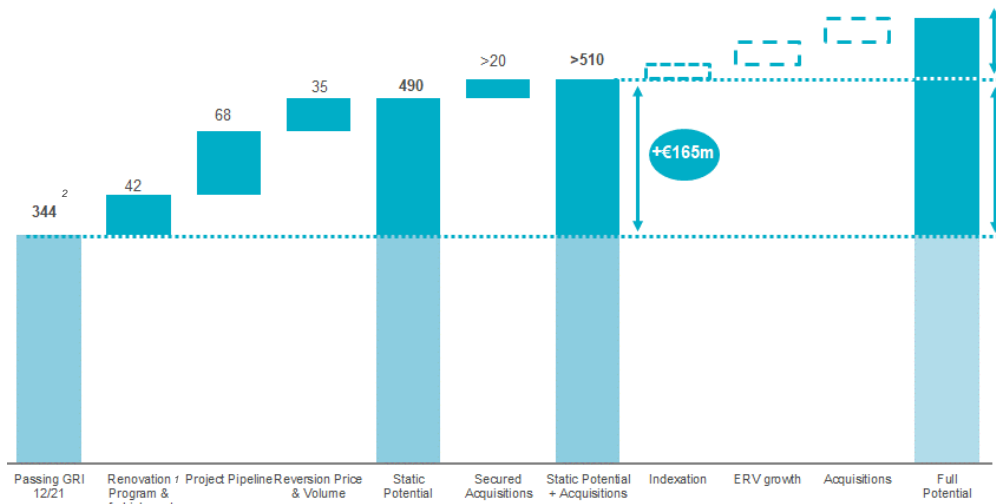
The liquidity of the Group amounted to €2,359m, between cash and undrawn credit lines. This liquidity enables the Group to assure its financing needs in the coming years covering the debt maturities through to 2024.

In February 2022, Colonial and its French subsidiary SFL have converted all its bonds amounting €4.602m to green bonds. These green financing is based on a grade A portfolio with one of the highest levels of ecoefficiency. This conversion into green bonds is integrated within the framework of the decarbonisation strategy of Colonial.

Solid bases for future growth as of the 2021 results

Colonial closed 2021 with a return to growth and solid results in all metrics. Additionally, the Group is advancing in several growth drivers that will allow Colonial to increase its income up to €510m.

Particularly, 7 growth drivers can be considered: the increase in Colonial’s Stake in SFL, the reversionary potential in the contract portfolio, the Project portfolio and the renovation program, the acquisition program, capturing of high indexation levels and the acceleration in rental increase for grade A assets in CBD areas.



- 1. Includes passing rents of project pipeline of €11m
- 2. Excluding the Danone HQ acquisition at the end of 2021

About Colonial

Colonial is a Spanish listed REIT company (SOCIMI), leader in the European Prime office market with presence in the main business areas of Barcelona, Madrid, and Paris with a prime office portfolio of more than one million of sqm of GLA and assets under management with a value of more than €12bn.



“The information included in this document should be read together with all of the public information available, particularly the Company’s website www.inmocolonial.com”

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